

ACTS OF ASSEMBLY,

RELATIVE TO

BANKS.

WITHIN THE

COMMONWEALTH OF PENNSYLVANIA;



TO WHICH ARE ADDED

THE

BY-LAWS

OF THE

DOYLESTOWN BANK OF BUCKS COUNTY,

JAMES KELLY, PRINTER, DOYLESTOWN, PA.

1833.

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ACTS OF ASSEMBLY, &c.

Act of 28th March, 1808.—4 Smith, p. 536.—Purd. p. 52,

An Act relating to the association of individuals for the purpose of Banking.

SECT. 1.—[Repealed by act of 20th March, 1810.—5 Smith, 153.]

SECT. 2. No Company incorporated by the laws of any other state to have a bank in this state. the United States, shall be permitted to establish within this Commonwealth, any banking house, or office of discount and deposit; and all and every person or persons who shall in violation of this act be concerned in any such establishment, on conviction thereof in any court of justice within this state, shall for every such offence, forfeit and pay for the use of the same, the sum of two thousand dollars; and the private estates of such person or persons offending as aforesaid, shall be liable for the payment of such forfeiture.

Act of 3d February, 1812.—5 Smith, p. 289.—Purd. p. 52.

An Act to regulate voting by Proxy in the several incorporated banks within this Commonwealth.

SECT. 1. [All power to vote by proxy for any bank directors, shall be obtained and dated within one year previous to the time of holding the election, at which such proxy shall be presented;] and no transfer or extension thereof to a third person shall be admitted, any law or usage to the contrary notwithstanding.*

Act of 31st March, 1812.—5 Smith, p. 375.—Purd. p. 52.

An Act to authorise any incorporated bank within the City of Philadelphia to make loans to the government of the United States.

SECT. 1. The President and Directors of any incorporated bank Loans to the U. States,

* The first part of this section altered by the act of 1824. Art. iv. See also the act of 1820.

Loans to U.S. in the city of Philadelphia, in the capital stock of which this commonwealth hath an interest, may loan any sum or sums of money to the Government of the United States, which in the opinion of the said president and directors, will not be prejudicial to the interest of such bank, any former law to the contrary notwithstanding:—*Provided*, That this commonwealth shall have the preference in obtaining loans, should the same be authorised by law, for the purpose of advancing the quota of taxes, which may be required from this state, for the support of the government of the United States; and in order that said banks may at all times be in a situation to make such loan to this state, all loans as aforesaid to be made by them to the United States, from either of the said incorporated banks, shall be regulated in their amount by the approbation of the Governor: * *And provided also*, That nothing in this act shall be deemed or taken to authorise any of said banks, to create debts amounting to more than double the amount of their capital stock, as provided by their respective charters of incorporation.

Act of 11th March, 1815.—6 Smith, p. 281.—Purd. p. 62.

An Act to compel the branch banks within this commonwealth to receive in payment the notes of the banks of which they are severally branches.

Branch banks to receive notes of original banks. SECT. 1. Each Branch Bank within this Commonwealth shall receive in payment, as well from other banks as from individuals, any note or notes of the original bank, of which it is a branch.

Act of 22d March, 1817.—6 Smith, p. 441.—Purd. p. 62.

An Act to prevent the making, issuing, re-issuing and circulating certain description of notes and tickets in the nature of bank notes, and for other purposes.

WHEREAS, notes and tickets, in the nature of bank notes, have been issued, as well by individuals, as by corporations not established for the purpose of banking: And whereas, the circulation of all notes of a small denomination, has been productive of inconvenience, fraud, and loss to the public, and has a tendency to prevent or retard the gradual and speedy restoration of a specie currency:

SECT. 1. From and after the first day of May next, no bank or office of discount and deposit, within this Commonwealth, shall make, issue, re-issue or circulate any bank note, promissory note, ticket or engagement of credit, in the nature of a bank note, and no such bank shall receive any such notes, tickets or engagements, other than those made or issued by itself, or under its own imme-

* The amount now otherwise regulated and limited by the 14th article of the act of 1824.

mediate authority, and that for the mere purpose of cancelling or destroying the same forthwith, of a less denomination than one dollar, under the penalty of twenty-five dollars for each and every such note so made, issued, re-issued, circulated, paid or received, to be recovered by any person or persons suing for the same, before any alderman or justice of the peace within this Commonwealth, as debts under one hundred dollars are by law recoverable.

SECT. 2. From and after the passing of this act, no incorporated body, public officer, association or partnership, or private individual, other than such as have been expressly incorporated or established for the purpose of banking, shall make, issue, re-issue or circulate, any promissory note, ticket or engagement of credit in the nature of a bank note, of any denomination or amount whatsoever, other than such as have been issued by banks lawfully and expressly established; and from and after the first day of May next, no such incorporated body, public officer, association or partnership, shall receive any such note, ticket, or engagement of credit, other than those above excepted, or those made and issued by it or himself, or under its or his immediate authority, and that for the mere purpose of cancelling or destroying the same, under the penalty, in the case of a public officer, of ten dollars, and in the case of a corporation, association or partnership, fifty dollars for each and every note so made, issued, re-issued, circulated, paid or received, to be recovered by any person or persons suing for the same, before any alderman or justice of the peace within this Commonwealth, as debts under one hundred dollars are by law recoverable.

SECT. 3. The mode of proceeding against any bank, or other corporation, under this act, shall be by summons, served on the president, cashier, or other chief officer, director or manager of such bank or corporation, and where judgment shall be entered thereon, such judgment shall be as well against such bank or corporation, as against such president, cashier, chief officer, manager or director, or so many of them severally whereon such service shall have been made: and execution may thereupon forthwith issue, as well against such bank or corporation, to be levied upon any debts due to them, as upon the shares of their capital stock or other property, real personal or mixed, and against each such president, cashier, chief officer, director, or manager, to be levied on his personal or real property, or if a sufficiency thereof cannot be found, or plaintiff shall so require, against their and each of their persons, to be proceeded on as is usual in the case of a CAPIAS AD SATISFACIENDUM.

SECT. 4. For a second and each subsequent act of making, issuing, re-issuing, circulating, passing or receiving, otherwise than is herein before excepted, any of the notes, tickets or engagements of credit aforesaid, the penalty or sum to be recovered, shall be increased in an amount equal to the original penalty or sum mentioned in the first section of this act, but shall in no case exceed fifty dollars on an individual not a president, cashier, chief officer, director or manager of any bank or corporation, association or partnership, or five hundred dollars in the case of such bank or

To whom penalties shall be paid.

Proviso.

court of common pleas of the proper county, in the manner and by means of process, judgment and execution, as is described in the second section of this act; and all sums recovered under this act shall be one half thereof paid to the person or persons suing for the same, to his or their own use, and the other half into the hands of the treasurer, or county commissioners of the county wherein the recovery shall be had, for the use thereof: *Provided* always, that no public officer or private individual shall be excluded from the performance of his duties, or from being a competent witness in any suit under this act, by reason of his being subject to the payment of county rates and levies therein, or by reason of one moiety of the sums to be recovered, being payable to the county treasurer, or commissioners, as is herein before directed.

Duty of attorney general.

On whom writs of QUO WARRANTO shall be served

Penalty of \$5,000.

Other than banking companies offending a 2d time. How to proceed against.

SECT. 5. Whenever judgment shall have been had against any such bank or corporation, in any two suits in the court of common pleas, or before two different justices of the peace, and certified copies or transcripts of such judgments filed with the prothonotary of the court of common pleas of the proper county, and the same should have remained unpaid for three months, it shall be the duty of the attorney general, or his deputy in such county, to file in said court an information in the nature of a QUO WARRANTO, the process awarded on which shall be served by the sheriff, or his deputy, on the president, cashier or other chief officer, or any director or manager of such bank or corporation, and on a return of service in manner aforesaid, to the satisfaction of such court, they shall proceed therein as nearly as may be in the manner directed and practised under writs of QUO WARRANTO; and in case of a verdict for the Commonwealth, the Court instead of the usual judgment in such cases, shall have power to inflict a penalty not exceeding five thousand dollars, and to adjudge the charter and corporate power of such bank, or other incorporated company, thenceforth subject to be forfeited, annulled, and declared forever void by the Legislature.

SECT. 6. It shall and may be lawful for any justice of the peace, in every case where a second suit shall be brought against any incorporated road, bridge or canal company, after a judgment under this act against such company, to call to his aid any other justice of the peace of the same county, and they shall issue a precept directed to any constable, commanding him to summon five disinterested and judicious freeholders, named by said justices, to meet at a certain time and place, in the said precept to be mentioned, of which meeting notice shall be given to the keeper of the gate or turnpike nearest thereto, and the said justices shall then and there, by the oaths or affirmations of the said freeholders, inquire whether such company or its officers, or any of them, after a judgment lawfully rendered against such company or its officers, or any of them under this act, shall have a second time made, issued, re-issued, circulated, received or paid any note, ticket or engagement of credit, not authorised by law, or contrary to the provisions of this act, and shall cause an inquisition to be made under their hands and seals, and under the hands and seals of the said freeholders, and if the said company or its officers, or any of them, shall be

found by the said inquisition to have a second time made, issued, re-issued, circulated, received or paid any note, ticket or engagement of credit not authorised by law, or contrary to the provisions of this act, they shall so certify, and send one copy of the said inquisition to each turnpike or gate-keeper in the proper county, or in case of a bridge between two counties, to the toll-gatherers, if such there be, at each end thereof, and from thenceforth all tolls which ^{Penalty.} might otherwise have been demanded by reason of the use or passage, on, through, or over such road, canal or bridge, shall be suspended: *Provided* such suspension shall not, in the first instance, ^{Proviso.} continue more than one week, for the second not more than two weeks, for the third, three, and for each subsequent offence one calendar month: *Provided also*, That no certiorari shall be issued ^{2nd Proviso.} out of any court of record within this Commonwealth, against any proceedings had before any justice of the peace under the provisions of this act, but in all cases either party may appeal from their proceedings to the next court of common pleas.

SECT. 7. So much of any act of Assembly heretofore passed, as ^{Certain provisions of former acts repealed relative to bringing suits.} deprives or prevents the holder of any note, ticket or engagement of credit in the nature of a bank note, from recovering from any individual, bank or corporation, association or partnership, by whom or by any of whose officers or agents the same has been made, signed or issued, by reason of such note having been made, signed or issued without or in contradiction to law, be, and the same is hereby repealed, and the holder of every such note shall have the same legal remedy for the recovery of the amount thereof from the party or parties, whether corporate, association, or partnership, or individual who made, signed, or issued the same, as can by the provisions of this act, or by the existing laws of this Commonwealth, be had on a similar note, ticket or engagement of credit that has been lawfully issued.

SECT. 8. So much of the act, entitled "An act vesting in certain ^{B'ks empow.} banking institutions within this Commonwealth, the power of issuing small notes," passed the twenty-eighth day of December, one ^{erred to issue smaller notes than \$5 until 1st Oct. 1817:} thousand eight hundred and fourteen, as makes it lawful for all incorporated banks within this Commonwealth, to issue notes of a ^{none less than \$5 shall be issued thereafter.} smaller denomination than five dollars, be, and the same is hereby re-enacted and continued in force until the first day of October, one thousand eight hundred and seventeen; but from and after the first day of October next, no incorporated bank within this Commonwealth shall, under the penalties imposed by this act, make, issue, or circulate any notes of a denomination less than five dollars.

SECT. 9. From and after the first day of May next, the several ^{Branch bs. lia-} offices of discount and deposit within this Commonwealth, shall on ^{ble to redeem the notes of the mother bank.} demand made, pay in the lawful currency of the United States, any note or ticket of such offices respectively, or of the mother bank, when issued from such offices respectively; and on neglect or refusal to pay as aforesaid, shall be liable to the same penalties, and may be proceeded against in the same manner as is herein before provided, and any such note or tickets so as aforesaid issued, shall bear date at the office from which issued.

Act of 29th March, 1819.—7 Smith, p. 217.

An Act regulating suits on promissory notes, and for taking stock in execution.

One or more persons liable may be included in one suit.

Statement to be filed, &c.

Stock made liable to be taken in execution.

When process in the nature of a foreign attachment against stock may issue.

Mode of proceeding.

SECT. 1. It shall be lawful hereafter for any individual or body politic or corporate, holding a note, draft, or bill of exchange, endorsed by one or more endorsers, to include in any suit to be instituted for the recovery of any sum which may be due thereon to such holder, all and every person or persons liable for the payment thereof, or any one or more of them;* and such suit shall not alter or affect the legal responsibility of the defendants respectively to each other; in which suit the plaintiff by his agent or attorney, shall file a statement, and proceed to judgment and recovery, according to the provisions of an act of assembly, entitled "An act to regulate arbitrations and proceedings in courts of justice," passed twenty-first March, one thousand eight hundred and six. [For that act see Purd. p. 10.]

SECT. 2. The stock of any body corporate owned by any individual or individuals, body or bodies politic or corporate, in his, her, its, or their own name or names, shall be liable to be taken in execution and sold in the same manner that goods and chattels are liable in law to be so taken and sold, subject nevertheless to any debt due by any holder or holders of such stock to the company or body corporate.

And whereas, it sometimes happens that the stock of such bodies corporate, is held in another name or names, than that or those of the real owner or owners thereof, and it is just that stock so held should be made liable for the debts of the real owner or owners, therefore,

SECT. 3. Whenever any plaintiff or creditor shall file an affidavit with the prothonotary of the court, alderman or magistrate, in which or before whom such plaintiff or creditor has instituted, or is about to institute a suit, stating that he verily believes such stock to be really and *bona fide* the property of the debtor against whom such suit has been, or is about to be brought, and also shall enter into a recognizance with two sufficient sureties conditioned for the payment of such damages, as such court, alderman or magistrate may adjudge to the party or parties to whom such stock shall really belong, in case such stock should not be the property of such debtor, it shall and may be lawful for such court, alderman or magistrate to cause to be issued process in the nature of a foreign attachment against such stock, and to summon as garnishee the person or persons in whose name or names the same shall be held, and proceed against the said stock and such garnishee, in all respects in the same manner as by the laws of this Commonwealth proceedings now are or hereafter may be prescribed in cases of foreign attachments a-

* See 19 Johns. R. 326. where it was held that a declaration against the maker and indorser of a note, discounted at the bank jointly, as if they were joint makers, is good, and the note may be given in evidence under such count, by virtue of the statute. But such note cannot be given in evidence under the money counts, when the indorser is joined, the statute having given a new remedy unknown to the common law. [Bank of Chenango v. Curtis.]

gainst personal estate, and upon judgment being had in favor of the plaintiff in any such suit, execution may issue immediately for the sale thereof. of such stock, in the same manner that goods and chattels are sold on writs of *feri facias*: *Provided*, That in case of a judgment before a justice of the peace or alderman, where the amount in controversy shall exceed five dollars and thirty-three cents, an appeal shall be allowed to the court of common pleas agreeably to the same rules and regulations now or hereafter to be prescribed for granting appeals in other cases cognizable before a justice of the peace.

Act of 28th March, 1820.—7 Smith, p. 320.

An Act to regulate Proxies.

SECT. 1. From and after the passing of this act, all power to vote by proxy in any association incorporated by any authority in this commonwealth, or by the former proprietary government, shall be obtained and dated within six months* previously to the time of holding the election or meeting of stockholders at which such proxy shall be presented, and shall not be used for any purpose or purposes except those therein expressed; nor shall any such proxy be given in blank, nor substitution thereof to a third person be admitted, any law or usage to the contrary notwithstanding:—*And Provided*, That nothing herein contained shall be so construed as to alter or affect the provisions of the act, entitled “An act regulating banks,” so far as relates to the dates of proxies. [That act is expired.]

SECT. 2. In all elections of officers in any association or company (incorporated as aforesaid) hereafter to be held by virtue of any law of this commonwealth, whenever any person shall offer to the judges of such election, any vote or votes as attorney, proxy or agent for any other person, such person being required thereto by any judge of such election, or any stockholder in such association or company, shall before his vote or votes shall be received, take and subscribe the following oath or affirmation: “I do solemnly swear (or affirm) that I have no interest directly or indirectly in the share upon which I shall vote at this election, that those shares are, to the best of my knowledge and belief, truly and in good faith owned by the persons in whose names they now stand, and that in voting at this election, I have not transferred any of the said shares, or caused them to be transferred in trust or otherwise for the purpose of increasing the votes at this election, and that I shall not violate in any manner directly or indirectly any provision of the act of incorporation, which limits the number of votes a stockholder may give in his own right.” And the judges of such election are authorised to administer the aforesaid oath (or affirmation); and the said oath, and also all authorities or powers of attorney to vote by proxy, or as agent, shall be filed and preserved in the office of such association or company: and if any

* By the act of 1824, art. IV. proxies to be dated within sixty days.

~~False swear-~~ person shall wilfully and absolutely swear or affirm falsely in tak-
~~ing perjury.~~ ing any oath or affirmation prescribed by this act, such person so
 offending, shall upon due conviction thereof, be subject to the pains
 and penalties which are by law prescribed for the punishment of
 wilful and corrupt perjury,

Form of a Power of Attorney to transfer Stock.

Know all men by these presents, that I, A. B. of
 do hereby constitute and appoint C. D. my true and lawful attorney,
 for me and in my name and on my behalf to sell, assign and trans-
 fer unto any person or persons whatsoever——shares unto me
 belonging, of the capital stock of the Doylestown Bank of Bucks
 County, and for that purpose to make and execute all necessary
 assignments or transfers, and if he deem it advisable, one or more
 persons under him to substitute with similar powers.

In witness whereof I have hereunto put my hand and seal this
 —— day of —— in the year one thousand eight hundred and ——
 Sealed and delivered in
 presence of

§ L.S. §

Form of a Proxy.

Know all men, that I, A. B. of the city of Philadelphia, do here-
 by appoint C. D. to be my representative and proxy, for me and in
 my name, and on my behalf, to vote the same number of votes at
 the next election of directors of The Doylestown Bank of Bucks
 County, to which I am myself entitled, as fully as I could do were
 I personally present thereat.

Witness my hand this —— day of October, in the year one
 thousand eight hundred and

Form of a permanent power of attorney to receive dividends.

Know all men by these presents, that I, A. B. of the city of Phi-
 ladelphia, do hereby constitute and appoint C. D. my true and law-
 ful attorney, for me and in my name, and on my behalf, to receive
 the dividends now due, and that hereafter may become due, on
 —— shares to me belonging, in the capital stock of The Doyle-
 town Bank of Bucks County, and for that purpose to make and ex-
 ecute all necessary acts, receipts, and acquittances.

Witness my hand and seal this —— day of —— one thou-
 sand eight hundred and

Sealed and delivered in
 presence of

§ L.S. §

SCALE OF VOTES.

No. of Shares.	No. of Votes.	No. of Shares.	No. of Votes.
1 Share entitled to	1 vote	26 Shares to	
2 Shares to	2 votes	27	10
3		28	
4	3	29	11
5		30	
6	4	31	12
7		32	
8	5	33	13
9		34	
10	6	35	14
11		36	
12	7	37	15
13		38	
14	8	39	16
15		40	
16	9	41	17
17		42	
18	10	43	18
19		44	
20	11	45	19
21		46	
22	12	47	20
23		48	
24	13	49	21
25		50 Shares and upwards	

BY-LAWS

OF THE

Doylestown Bank of Bucks County.

Of the Government of the Bank, generally.

Banking hours and days. ART. I. The bank shall be open for ordinary business, from 9 o'clock in the morning, till 3 in the afternoon, every day in the year, except Sundays, Christmas day, the first of January, and the fourth day of July.

Cash deposits. ART. II. The bank shall take charge, free of expense, of the cash of all such persons, as may choose to place it there; and shall keep it subject to the order of the depositor,* payable at sight: and shall also, in the same manner, receive deposits of ingots of gold, bars of silver, wrought plate and other valuable articles of small bulk, at the risk of the depositor.†

Special deposits.

ART. III. All bills or notes offered for discount, shall be deliver-

Notes.—A by-law is a private law, made by those who are duly authorised thereto by charter, for their good order and government; and is derived from *by*, a Saxon word for private, and *laga*, law. And the true test whereby to judge of the validity of a by-law, is, that it be reasonable in itself, agreeable to the general laws of the state, conformable to the intention of the legislature in granting the charter, and be necessary and convenient for the government of the corporation. 3 Burr, 1838. 1 Bac. Abr. 545. Carth. 482. And they bind *all the members* of the corporation, because they have given their assent to them, by those who represent them. 8 Sergt. & R. 89.

* If the bank pays a check under circumstances that ought to excite suspicion, and to have induced them to have made inquiries before payment—or, after notice from the drawer not to pay it—or, that it was lost—or, before the day it bears date, they will be liable to repay the money, and cannot take credit for it in their accounts with the drawer. Chitty on Bills, 359, 360, 192.

A check post dated is drawn on the bank, but before the day the drawer informs the holder, that he has no funds in the bank, and circumstances are disclosed to him, from which the insolvency of the drawer may be inferred, the holder without communicating this knowledge to the bank, presents the check and receives the money; the bank may recover the money from the holder back again. *Martin v. Morgan*, 1 Gow. 123. 5 Sergt. & Lowb. 484.

† The bank is not liable for the loss of *special deposits* either of cash or other articles, through the *dishonesty* of any of their officers, provided they take the same care of them that they do of their own specie; otherwise, if the loss has happened through *gross negligence*. The bank does not guarantee the honesty, but only the correctness and ability of their officers; and is liable therefore for all the acts of the officers done within the scope of their authority, for the *mistakes* of the clerks, for not giving due notice on notes

ed into the bank on Tuesdays, in each week, and laid before the directors, on the next succeeding days respectively, with a state of the funds of the bank, together with the credit books of notes and bills discounted; on which days the discounts shall be settled, and such as shall be admitted, shall pass to the credit of the applicant, as of the same day, on which they are discounted; and may be drawn for accordingly, at any time after one o'clock. The notes or bills not discounted, shall be returned at any time after one o'clock, on the same day.

ART. IV. The rate of discount shall be one half of one per cent, for thirty days.* Discounts shall ordinarily be made upon personal security, with at least two responsible names, the firm of a house being considered as one name only; but in special cases, they may be made upon other security—and may at any time be made for a stockholder, upon his single note accompanied by a transfer to the bank of his stock, to a sufficient amount, and a delivery of his certificate as a security for the payment thereof; together with a declaration signed by him, that in case of nonpayment of the note at maturity, the stock may be sold by the bank without notice to him of such sale. In cases, also, of mistake, or accident, or urgent necessity, when the Board, or a committee, cannot be in session to act, a note may be renewed or discounted according to the sound discretion and judgment of the President. At the meetings of the

Discount days.
Rate of discount.

On what security.

left for collection, &c. The bank is liable however for *all general* deposits; the privilege given by the charter to discount upon monies deposited, applying to general deposits only. *Foster v The Essex Bank*. 17 Mass. R. 479.

The bank employs certain officers for particular duties—receiving and paying tellers, &c. And the bank is not chargeable for any sum of money, delivered to an officer, who is not the one authorised; as, to a book-keeper, for instance, who receives a deposit; unless that sum actually comes into the coffers of the bank, or the book-keeper is at that time acting for the teller in his absence. *Manhattan Company v. Lydig*. 4 Johns. 382.

* The meaning of the term “discount” is the payment of interest in advance. It has been the uniform practice of all banks since their establishment, to exact the payment of interest in advance; and it would be an alarming principle that paper thus held should be considered usurious and void. *Manhattan Company v. Osgood*. 15 Johns. 168. See also 8 Wheaton, 338. 4 Yeates, 223.

Although a note may not be discounted in the manner generally practised by the bank, yet if it be *substantially* a discount, the law will so consider it, though terms and conditions are annexed. *Bank of Chenango v. Curtis*. 19 Johns. 332.

Although interest upon interest is in general unlawful, yet it is now well settled, that there are cases in which interest is considered as changed into principal, and permitted to carry interest—as, where a settlement of accounts takes place *after* interest has become due;—or, an agreement is *then* made that the interest due shall carry interest. But any agreement for interest upon interest must, to be lawful, be made *after* the interest has become due; an *original* agreement that if the interest is not paid at the time it becomes due, it shall carry interest, though it would not amount to usury, so as to render the contract connected with it illegal and void at law, yet the party cannot recover on the nonpayment, either at law or in equity. *State of Connecticut v. Jackson*. 1 Johns. Ch. R. 14. See also 5 Barnw. & Ald. 34. 10 Sergt. & L. 15. 4 Yeates 220. 11 Ves. jr. 93.

It is somewhat doubtful, however, whether this rule of charging interest upon interest relates to real securities. See 9 Ves. jr. 223, *Ex parte Bevan*; though in *Pawling v. Pawling*, 4 Yeates 220, it was held that it extended to a mortgage.

One fourth of the board may prevent a discount. Board, no bill or note shall be discounted or renewed if opposed by one-fourth of the directors present; and no committee shall be invested with the power of making discounts, when the appointment shall be opposed by one-fourth of the directors present. No loan of money shall be granted on paper where the name of the cashier, or a clerk, or a porter in the Bank shall appear as drawer or endorser. The Board shall confine itself to discounting business paper,—nor shall any note be renewed for the same or a greater sum than it was originally discounted for, except in cases of doubtful debts, or when an extension has been granted.

Residence of parties.

Manner of notice.

Protest.

Notes for collection.

ART. v. To entitle a note or bill to be discounted at the bank, the drawer or acceptor thereof, must, excepting where the board may determine otherwise, usually reside in the County of Bucks, and the payment must, by the tenor thereof, be assigned to be at the bank,* and the indorser or drawer must sign a declaration that he waives all notice to him of the non-payment of the note or bill by the drawer or acceptor, if the same should not be paid at maturity. On failure of payment of any discounted note or bill, before the shutting of the bank on the last day of grace, (unless it should be on a Sunday, or on a day when the bank, by the first article, is closed, then on the second day of grace,) the note or bill shall be forthwith delivered to the notary for protest, whose duty it shall be to give proper notice thereof, forthwith to the indorser or indorsers; to make a note or memorandum of the time, manner and circumstances of doing the same; and make report to the President or Cashier, who shall cause the same to be noted in a book, to be kept in the bank for that purpose, and while such note or bill remains unpaid, no discount or accommodation shall be granted to any drawers, indorsers or acceptor of the same.

ART. vi. Notes and bills deposited in the bank for collection, at any time before the commencement of the days of grace, shall, as to notice, demand and protest, be proceeded with as notes and bills discounted, unless the person depositing the same, shall otherwise direct in writing; provided, that in case of non-payment and protest, the depositor shall pay all charges and expenses.

Bills and notes may be received for collection after the commencement of the days of grace, and payment on the same shall be received if offered at the bank; in such cases the bank will not give notice, make demand, or be bound to cause protest to be made, but the bill or note, or the money received for it, as the case may be, shall remain subject to the order of the depositor, in the same manner as other deposits. Bills and notes to be sent to other banks for collection, shall be at the risk of the depositor, who shall be subject to all charges and expenses respecting the same.* The

* Where a note is made payable at the banking house, and is presented to the teller, and payment demanded, at 15 minutes past 3 o'clock of the last day of grace, this is a sufficient presentment, though the bank closed at three; it being the custom to allow that time after banking hours, for presentment and payment of notes. *Bank of Utica v. Smith*. 18 Johns. R. 230. See 5 Barnw. & Ald. 244.

* A bill drawn in one of the United States upon a person in another state is a foreign and not an inland bill of exchange, and subject to all the law of evidence and damage of foreign bills. *Per Washington J. in Lonsdale v. Brown*, Circ. Ct. U. S. Oct. 1821. The contrary, however, has been determined in New York. 5 Johns. R. 384. 19 Johns. 377. See 3 T. R. 267.

Cashier shall give the usual notice of the day of payment to the drawer or payer and several indorsers of any bill or note discounted at the bank, or deposited for collection, when it can conveniently be done. ^{Notice of the day of payment of notes.}

ART. VII. The bank shall receive and pay all specie coins, according to the rates and value established by Congress; and no gold, silver or copper coin, other than such as is or shall be authorised by the laws of the United States, shall be receivable as money at the bank. ^{Coins.}

ART. VIII. Payments made at the bank, shall be examined at the time, and if any error be then found, it shall be immediately corrected, but no error suggested afterwards, shall be admitted, unless such error should be apparent from the cash settlement of the day. ^{Errors in payment.}

ART. IX. The books and accounts of the bank shall be kept in dollars and cents. ^{Accounts.}

The general accounts shall be regularly balanced on the first Tuesday of May and November, in each year, at which time the half yearly dividends shall be declared. Notice of the dividends so declared, shall be published in at least one of the newspapers of the city of Philadelphia, and two in the county of Bucks. ^{Dividends.}

ART. X. The individual accounts shall be settled and balanced whenever the convenience of the bank or its customers may require it; and all accounts of individuals shall be regularly balanced and transferred on the first Tuesday of November, in each year. A committee on the state of the bank shall be appointed every six months, to examine and count the discounted bills and notes, and compare the amount thereof with the balance of the amount of bills discounted in the general ledger;—they shall also count the cash, and the printed and unprinted paper in the possession of the President, examine the evidences of public debt and other property of the corporation, make an inventory of the same to be compared with the books in order to ascertain their agreement, and make a report to the board. ^{Individual accounts.} ^{Examining Committee.}

ART. XI. The stock of the corporation shall be assignable and transferable on the books of the bank only, by the person in whose name it appears, or by his duly authorised attorney or representative. In all cases of transfer by an attorney, the original letter of attorney, duly proved, or an official copy thereof, certified by a notary public, shall be deposited and remain with the bank, And in cases of transfer by executors, administrators, guardians, or other legal representatives, duly authenticated evidences of their authority shall be produced to the bank, and may be required to be deposited and remain with the bank, at their discretion. No transfer shall be made, until the certificate granted to the transferer is delivered up to the bank.* ^{Transfer of stock.}

* No person can acquire a legal title to any stock, except under a regular transfer according to the rules of the bank, of which he is bound to take notice; and a person taking an equitable assignment of stock, takes it subject to the rights of the bank, and if this right is not waived, a stockholder's shares are liable for his debts arising in any way to the bank. And the bank has a right to take security from one of the parties to a bill or note, and also to hold the shares as security from another party. *Union Bank v. Laird*. 2 Wheat. 390.

When transfer books shut. ART. XII. The books of the transfer of stock, shall be shut fourteen days, immediately preceding each of the days appointed for balancing the general accounts of the bank, and declaring the half yearly dividends.

Loss of certificate of stock supplied. ART. XIII. If any person claims a certificate of bank stock to be issued in lieu of one lost or destroyed, he shall make an affidavit or affirmation of the fact, and state the circumstances of the loss or destruction; and he shall advertise in one or more of the newspapers in Philadelphia and Bucks county, twice a week, for the space of six weeks, an account of the loss or destruction, describing the certificate and its number, and the number of shares specified in it, and calling on all persons to show cause why a new certificate shall not be issued by the bank in lieu of the one lost or destroyed; and he shall transmit to the bank his affidavit or affirmation, and the newspapers containing the first and last advertisements, and give to the bank a bond of indemnity, with one or more sureties, if so required, in the sum of seventy-five dollars for each share of stock to be renewed, against any damage that may arise from issuing the new certificate.

Whereupon, the cashier shall, two months after the last advertisement as aforesaid, issue a new certificate, of the same number and tenor with the one alleged to be lost or destroyed, and therein specifying that it is in lieu thereof.

Officers not to disclose discounts, &c. ART. XIV. The officers and servants of the bank shall not disclose to any person, other than the directors, the amount of discounts made, the state of the bank and its funds, nor any of the business and transactions thereof which are not of a public nature; except the necessary information to individuals, who may inquire concerning their own particular business.

Closing of individual accounts. ART. XV. The president and cashier shall be authorised to close such accounts as they may deem necessary, for the safety and convenience of the bank, and shall report their proceedings and reasons therefor, to the board at their next meeting.

Credit book. ART. XVI. A Credit Book shall be kept, in which all notes and bills discounted, shall be entered in such a manner, as to discover to the board of directors, at one view, on each discount day, the amount which any person is indebted to the bank, on such bills and notes, in the capacity of payer; in the capacity of drawer or indorser, not being the discounteer; and in the capacity of discounteer severally.

Book of signatures. ART. XVII. The directors shall require from every person who opens an account and transacts business with the bank, that he subscribe his name in a book, to be kept by the bank, and to be called the *Book of Signatures*; and they may also at their discretion, require from any house or firm, doing business with the bank, and consisting of more than one person, a declaration of the names and surnames of the persons who compose such firm, and that the persons composing such firm, shall subscribe in the Book of Signatures, and insert therein the names of his partner or partners.

Overdrafts. ART. XVIII. On every discount day the name of every person who shall have overdrawn on the bank, since the last discount day, shall be reported to the bank; and no person, while he remains an overdrawer, shall have any bill or note discounted at the bank.

And in no instance will the bank give a release or discharge to any debtor, where the debt arises from an overdraft. And any officer who shall suffer an overdraft to be made on the bank, without immediately communicating the same to the president and cashier, shall be dismissed from the service of the bank.

ART. XIX. No alteration or repeal of any of the preceding rules ^{Alteration or} and regulations shall be made, unless upon a motion made for that ^{repeal of rules} purpose, and referred to the consideration of a subsequent meeting, and finally adopted by a majority of the whole number of directors.

Of the Government of the Directors, their Meetings, Election, and proceedings.

ART. XX. The stated meetings of the directors shall be on Wed. ^{Stated meet-} nesday of every week, at 9 o'clock, A. M. except when Christmas ^{ings.} day, new year's day, or the fourth of July shall occur on one of those days, in which case the meeting shall be held on the day preceding.

ART. XXI. The directors shall keep fair and regular entries in a ^{Minutes.} book, to be provided for that purpose, of their proceedings; and on every question where two directors shall require it, the yeas and ^{Yeas & Nays.} nays of the directors voting, shall be duly inserted on the minutes; and those minutes shall at all times on demand, be produced to the stockholders, when at a general meeting the same may be required.

ART. XXII. The election of directors shall be held annually on ^{Election of di-} the third Monday in November, at the banking house, and shall ^{rectors.} open at 9 o'clock in the forenoon and close at 3 o'clock in the afternoon. And if it shall so happen that an election shall not take place on that day, then the election shall be held on the third Monday in December following, under the same regulations as if it had been held on the day appointed by the charter. The judges of the election shall forthwith count the votes and declare the persons elected. The cashier shall without delay, give them notice thereof; and the directors so elected shall meet at the banking house on the following ^{Election of} Tuesday, at ten o'clock in the morning and choose a president. ^{president.}

ART. XXIII. No director, except the president, shall be permitted ^{Inspection of} to inspect, individually, the running or cash account of any person ^{accounts.} with the bank.

ART. XXIV. A committee of the board of directors, consisting of ^{Vaults.} at least three members, shall be appointed to visit the vaults in which the cash and other valuable effects shall be deposited, at least once in every six months, and make an inventory of the same, to be compared with the books, in order to ascertain their agreement therewith, and make a report to the board.

ART. XXV. No notes of the bank shall be struck or signed, or ^{Issuing of} bank paper made but by order of the board of directors. ^{bank notes.}

Of the deliberative proceedings of the Board of Directors.

ART. XXVI. When the president assumes the chair, the mem- ^{Rules of order} bers shall take their seats. ^{at the meet-}

ART. XXVII. All notes or bills offered for discount shall be then ^{ings of direc-} considered by the board, and decided on. ^{tors.}

ART. XXVIII. The minutes of the preceding meeting shall be then read; but no debate shall be admitted, nor question taken on the business of such meeting, except as to errors or inaccuracies in the minutes.

ART. XXIX. Every member presenting a paper to the chair, shall first state its general purport: and all resolutions, and all reports from committees shall be in writing.

ART. XXX. A motion made and seconded, shall be repeated by the President, and shall be reduced to writing, and may be withdrawn by the member who makes or seconds it, before amendment or decision.

ART. XXXI. No business before the board shall be interrupted, except by motion for the previous question, postponement, commitment, amendment or adjournment; and a motion for the previous question, postponement or commitment, shall preclude amendment or decision on the original subject.

ART. XXXII. A member may call for a division of a question when the sense will admit of it.

ART. XXXIII. In all debates the members shall rise and address the President. No member shall be interrupted while speaking, nor shall he speak more than twice on the same subject, without leave obtained from the president, who shall be the judge of all questions of order, and may call the transgressing members to order, as often as they infringe the aforesaid rules: but any member called to order by the president may explain himself, and may appeal to the board, and if such appeal be seconded, the board shall decide.

Nominations. ART. XXXIV. In all cases of election of officers by the directors, there shall be a previous nomination of the candidate, at least one meeting before the election; and a majority of the whole board shall be necessary to make a choice.

Of the Government of the Officers.

What officers to be stock-holders, or to keep an account. ART. XXXV. No officer of the bank, except the president, shall without the permission of the directors, hold stock in the bank; nor shall any officer of the bank, except the president and cashier, keep an account with the bank.

Duties of the President. ART. XXXVI. The President shall retain and exercise all the rights and privileges which belong to any director. He shall be, *ex officio*, a member of every committee, except in special cases where it shall be ordered otherwise by the Board. He shall preside, and keep order, at all meetings of the Board. It shall be his duty to take into his custody at the Bank, the plates, paper moulds, and Bank paper, and the seal of the corporation; to superintend and direct the printing of all bills or notes ordered by the directors to be printed; and to keep a regular account of the Bank paper in his custody, and the quantity ordered from time to time for impression, which account shall be checked by examinations of the committee on the state of the Bank. It shall also be his duty to exercise a supervision over all the concerns of the corporation; to superintend the official conduct and duties of all persons employed in the bank; to sign all bills and notes which shall be issued by the Bank; to cause the seal to be affixed to all such instruments and

documents as the directors shall order ; and to call special meetings of the directors, whenever in his opinion the interests of the Bank may require it.

ART. XXXVII. It shall be the duty of the cashier to countersign ^{Duties of the} at the Bank all bills and notes to be signed by the President, or by ^{Cashier.} order of the Board ; to superintend the opening and keeping of the ledgers and all the other books used in the Bank, and also the books for the registry of the issues, and transfers, and for the payment of dividends ; carefully to observe the conduct of all persons employed under him, and to report to the President or to the Board such instances of neglect, absence, incapacity, or bad conduct as shall come to his knowledge in any of them ; daily to examine the settlement of the cash account of the Bank, to take charge of the cash, and whenever the actual amount disagrees with the balance of the cash account, report the same to the President and directors without delay ; to attend all meetings of the Board, keep a fair and regular record of its proceedings, give such information to the Board as may be required, consult with committees when requested on subjects referred by the Board ; and also to perform such other services as may be required of him by the Board or the President.

ART. XXXVIII. Applications for leave of absence by the officers, ^{Leave of ab-} clerks and servants of the bank, shall be made to the president ^{sence.} and cashier, who shall grant or refuse the same, as they may deem expedient.

ART. XXXIX. The officers of the bank shall give bond or bonds, ^{Official bonds.} with sureties to be approved of by the board,* for their good behaviour and the faithful discharge of the duties of their offices respectively, in the following sums, that is to say ; the cashier himself, in the sum of 20,000 dollars.

* Unless the bond taken from an officer of the bank has been *regularly accepted and approved*, by the board of directors, no action can be supported on it against the officer or his sureties. *Bank U. S. v. Danbridge*, Circ. C. U. S. Virga. Per C. J. Marshall.

Discharge of Parties to a Note or Bond.

It is a general rule that after a note or bill becomes due, the releasing or taking a bond or other security from the maker or acceptor, *payable at a future day*, discharges all the subsequent parties. So also the renewal of a note has been held to be a discharge of the other parties, when done without their consent. *Craig v. Shallcross*, Sup. Ct. Penn. Jan. 1824. Chitty on Bills, 370. See also 18 Johns. 28.

The holder may *forbear* to sue as long as he pleases, but he must not *agree* to forbear, (16 Johns. 72. 13 Johns. 174,) and he must not *give time* to the drawer or acceptor. But the security taken must, in order to operate as a discharge, be one payable at a future day. 12 Mass. 502. (1 Barnw. & Cressw. 14,) If, however, at the time of taking the security from the principal, time is not given, but it is agreed that the creditor may still in the meanwhile, and at any time, proceed against the principal, the security is not discharged. 8 Taunt. 126. See also 5 Taunt. 614. 10 Johns. 587.

If the holder compounds with the drawer of a note, he releases the other parties ; but taking a sum of money, or merely accepting a dividend does not. 16 Johns. 42. 11 Ves. jr. 410. For as long as a holder is passive he retains all his remedies. 2 B. & P. 61.

And although the security is taken after judgment and execution against the drawer, and the receipt of part of the money, still the indorser is dis-

charged, if the security taken is payable at a future day. Chitty, 374. 2 Bos. & P. 51. 11 Ves. jr. 411. 3 B. & P. 363.

So, letting a drawer or acceptor out of custody on a *ca. sa.* discharges the indorser and all subsequent parties. 3 Yeates, 502. 4 Dall. 275.

But no indulgence to a subsequent party to a bill or note, will discharge a prior party. And it may be laid down as an invariable rule, that the drawer of a note, or the acceptor of a bill, is never discharged by any indulgence to, or security taken from the indorser or other *subsequent* party. It was in one case, 1 Campbell, 185, held by Lord Ellenborough, Ld. Chief Justice of the Court of King's Bench, that if the note is for the accommodation of the indorser, and the holder after notice of that fact, gives time or credit, or otherwise discharges the indorser, he would thereby discharge the drawer. But this case is not now to be considered as law, has been subsequently overruled, and the rule may be laid down as above stated, as it regards all notes, accommodation or otherwise. 5 Taunt. 192, 551. 5 Esp. 178. 4 Taunt. 729. 13 East 427. 3 Camp. 281. 1 Marshall, 20, 207. 6 Ves. jr. 734. 17 Johns. 58, 16 Johns. 41. 11 Ves. jr. 410. 1 Sergt. & L. 72. 6 Dow.

For the principle on which the rule is founded is, that by granting indulgence to the drawer, the holder materially effects the indorser's remedy over and against the drawer, in case the indorser is made to pay: but when the note has been given for the accommodation of the indorser, *he* has no remedy to pursue against the drawer, when compelled to pay, and therefore suffers no injury either by the want of notice, or by time being given to the drawer. And it is upon this principle, therefore, that it is generally considered that the discharge of the drawer will not discharge the indorser, where the note has been discounted for the accommodation of the indorser.

The rule of law as to the discharge of a subsequent, by indulgence to a prior party, is not confined to notes or bills of exchange; for if the obligee of a *bond with surety*, without communication with the surety and his approbation thereto, take notes for the debt from the principal, and give *further time*, the security is discharged. 7 Johns. R. 332. 1 Gallis. 32. 17 Mass. 591. Chitty 374, &c.

A release also to one of two joint, or joint and several obligors, will discharge the others: but if the holder of the bond covenant *not to sue him*, this does not amount to a release, and the obligee may still sue the other obligors. The release here spoken of, to discharge the other obligors, must be a technical release, a release *under seal*. 7 Johns. 210.

A note payable on demand must, in order to charge the indorser, be demanded from the maker within a reasonable time, else the indorser is discharged. What is a reasonable time must depend on circumstances. A delay of seven months, unaccompanied by circumstances to excuse it, was held to be unreasonable, and the indorser discharged. *Martin v. Winslow*, 2 Mason, 241.



